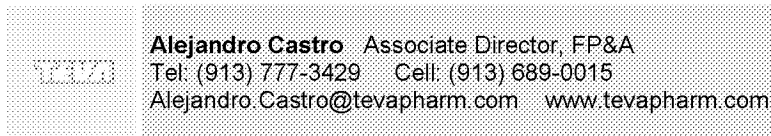

From: Alejandro Castro
Sent: Wednesday, February 4, 2015 2:21 PM
To: David Loughery
Subject: RE: Q1V2 Copaxone Donations

Thank you Dave.

Best regards,



From: David Loughery
Sent: Wednesday, February 04, 2015 8:03 AM
To: Alejandro Castro
Cc: Rachel Svaty; Mike Sheehy
Subject: RE: Q1V2 Copaxone Donations

Alejandro,

To keep you updated, we agreed yesterday to fund \$8.5M today, which is ~\$3M more than the remaining Q1 budget. There is a possibility that more will be donated in March as well. Please work with Mike and his team to explore ways that we can offset this in other areas of spend. We also plan to take up sales in the Q1V2 and have asked that the increase there be a substitute for some reduced expenses. We will however need to show some reductions so the \$10M that was donated in 2014 will need to come out of the next projection.

DL

From: Alejandro Castro
Sent: Monday, February 02, 2015 4:47 PM
To: David Loughery
Subject: Q1V2 Copaxone Donations

Dave,
Per our conversation on Friday, Rachel and I talked about the donation budget for Copaxone.

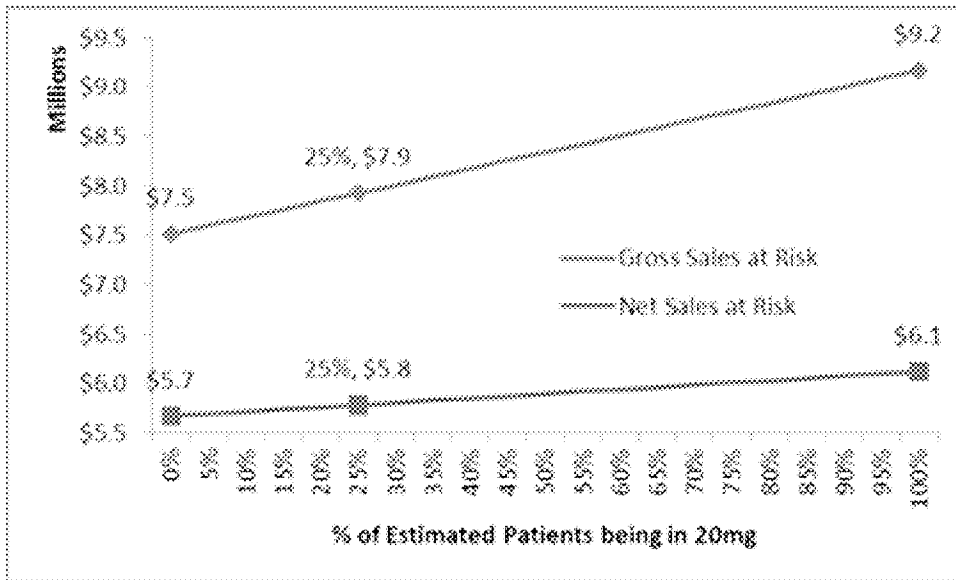
There is about \$6.3M in donations budget that are the target of possible cost reductions but there may be a risk to Net Sales of approximately \$5.8M per month associated with reducing donations.

Here are a few highlights of the Donations situation.

- Patient access has told us that during 2015 about \$25M have been donated already (this is in addition to any prior donations made late in 2014 that were pulled from 2015)

- The 2015 Budget (per Q1V1) for Donations is \$31.3M
- Thus, there are **\$6.3M for the remaining of the year** (\$5.0 in Q1 and \$1.3M in Q2)
- Patient access has also mentioned that they will need between **\$5M and \$8M in donations** soon to avoid losing an estimated 1,500 Medicare Patients.

I took a look at the Gross to Net metrics for a Medicare patient and ran several combinations of the 20 and 40mg split for the 1,500 patients to evaluate the risk on Gross Sales and risk on Net Sales if these patients are actually lost.



The chart above shows that:

- For Gross Sales, between \$7.5M (if 100% of the 1,500 patients are in 40mg) and \$9.2M (if 100% of the 1,500 patients are in 20mg) could be at risk per month
- For Net Sales, between \$5.7M (if 100% of the 1,500 patients are in 40mg) and \$6.1M (if 100% of the 1,500 patients are in 20mg) could be at risk per month
- **Patient Access' best guess is that 25% of these 1,500 patients are in the 20mg treatment and 75% are in the 40mg. That particular combination shows a risk of \$7.9M in gross sales and \$5.8M in net sales.**

I am mentioning these Net Sales risk since I believe this is what can be argued against reducing the Donation forecast.

I know Rachel is going to talk to Mike while they are in Orlando about this donation budget.

Please let me know if you have any questions, need any drivers of the analysis above or if want me to run other scenarios.

Thank you,

Ale

Best regards,



Alejandro Castro Associate Director, FP&A
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